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## Turkmenistan

### Cotton and Products

### Update

### 2005

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**Report Highlights:**

Despite some diversification, cotton remains an integral part of Turkmenistan's agriculture sector. Despite much criticism in the press, production levels were only slightly lower than originally reported.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Ankara [TU1]  
[TX]

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### Executive Summary

Cotton remains an important crop for the agriculture sector although the government has made some attempts at diversifying. Despite much criticism in the local press, cotton production in Turkmenistan did not decrease from revised 2004 levels. Total seed production was about 750,000 MT with lint production at 210,000.

### Production

Weather conditions were favorable throughout the region, particularly during the harvest season. This allowed for harvesting to continue late into the fall. The production target for cotton was again set at 2 MMT, which proved, as in previous years, unattainable. Press reports in the fall were highly critical of sector managers. Cotton is grown in 50 districts out of 60 agricultural districts. State orders for cotton remain extremely high. Area devoted to plantings was approximately 700 – 750 THA. Despite the desire to expand cotton production, land resources are limited. There is approximately 1 MHA of arable land in Turkmenistan according to one official and any expansion of land under cotton cultivation would come at the expense of other crops including wheat. About 10 - 15 percent of the cotton is harvested by machine although the state hopes to increase that number to 30 percent in the coming years.

### Cotton PS&D

Turkmenistan Cotton							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		08/2004		08/2005		08/2006	MM/YYYY
Area Planted	0	550000	0	750000	0	750000	(HECTARES)
Area Harvested	550000	500000	600000	700000		70000	(HECTARES)
Beginning Stocks	86873	20000	121709	30000	116266	30000	(MT)
Production	206840	200000	206840	210000	0	210000	(MT)
Imports	0	0	0	0	0	0	(MT)
MY Imp. from U.S.	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	293713	220000	328549	240000	116266	240000	(MT)
Exports	81647	100000	119750	110000	0	105000	(MT)
USE Dom. Consumption	90357	90000	92534	100000	0	105000	(MT)
Loss Dom. Consumption	0	0	0	0	0	0	(MT)
TOTAL Dom. Consumption	90357	90000	92534	100000	0	110000	(MT)
Ending Stocks	121709	30000	116266	30000	0	30000	(MT)
TOTAL DISTRIBUTION	293713	220000	328550	240000	0	240000	(MT)

On December 2, the government announced that textile enterprises had only harvested 147,000 tons of seed cotton and only 70 – 72 TMT of lint. Since textile factories use at least 100 TMT of lint, the Deputy Chairman of the Textile Industry was instructed to buy cotton from private farmers or from abroad.

**Production Inputs**

Inputs remain a problem for the cotton sector. Both the quantity and quality of seeds and fertilizers hinder output. Although the government is supposed to supply inputs and other services to farmers in return for sales of cotton, this is often not the case.

**Consumption**

Private and public sector representatives claim that competition from China has not had an impact on textile production. There is still hope that Turkmenistan will be able to expand production of textiles, albeit with some government assistance. Currently, about half of all lint production is consumed domestically. Turkmenistan exports over 50% of its textiles and there are several companies, some with foreign investment, which are primarily geared for exports.

**Trade**

Asia and Russian are the main markets for Turkmenistan. However, much of the cotton is still being sold to European traders for further sales. The government does not provide any information on export destinations.

**Stocks**

Turkmenistan does not publish any trade, production or stock data, which is considered quite sensitive. Stock estimates have been lowered in recent years, first due to lower production in those years, and second due to the high cost of holding stocks.

**Policy**

Each year, the government sets production goals, which are impossible to achieve. Despite some changes in production and marketing, the government remains firmly in control of the cotton sector. According to some recent legislation, farmers should be able to control the sale of up to 50% of their crop. In reality, farmers must sell to joint-stock companies at low prices.

**Marketing**

A portion of the harvest traditionally is placed in the state reserves, a portion is sold to domestic industry, and the remainder is contracted to traders for export. The government uses these proceeds to pay farmers albeit at low prices.